

Introduced by Committee on Governance and Finance (Senators Wolk (Chair), Beall, DeSaulnier, Hernandez, Knight, Liu, and Vidak)

March 10, 2014

An act to amend Sections 5903 and 53395.10 of the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

SB 1462, as introduced, Committee on Governance and Finance. Local government: omnibus bill.

(1) Existing law authorizes a legislative body, as defined, that determines prior to issuing any bonds that the interest payable on the bonds will be subject to federal income taxation under the law in effect on the date of issuance, to require in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds, that the bonds be denominated, payable, and redeemable in accordance with certain standards.

This bill would also authorize the legislative body to include the maturity or maturities of the bonds in the ordinance, resolution, indenture, agreement, or other instrument providing for issuance.

(2) Existing law authorizes the legislative body of a city or county to establish an infrastructure financing district, and requires proceedings for the establishment of a district to be instituted by the adoption of a resolution of intention to establish the proposed district that, among other things, describes the boundaries of the proposed district as referenced in a map on file in the office of the clerk of the city.

This bill would specify that the description of the boundaries of the proposed district may be accomplished by reference to a map on file in

the office of the clerk of either the city or county that is proposing to establish the district.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) This act shall be known, and may be cited,
2 as the Local Government Omnibus Act of 2014.

3 (b) The Legislature finds and declares that Californians want
4 their governments to be run efficiently and economically and that
5 public officials should avoid waste and duplication whenever
6 possible. The Legislature further finds and declares that it desires
7 to control its own costs by reducing the number of separate bills.
8 Therefore, it is the intent of the Legislature in enacting this act to
9 combine several minor, noncontroversial statutory changes relating
10 to the common theme, purpose, and subject of local government
11 into a single measure.

12 SEC. 2. Section 5903 of the Government Code is amended to
13 read:

14 5903. If, prior to issuing any bonds, the legislative body
15 determines that the interest payable on the bonds to be issued by
16 the state or local government will be subject to federal income
17 taxation under the law in existence on the date of issuance or
18 pending on the date of issuance with an effective date preceding
19 the date of issuance, then notwithstanding any other provision of
20 law, the ordinance, resolution, indenture, agreement, or other
21 instrument providing for the issuance of the bonds may provide
22 for any of the following:

23 (a) The bonds shall be in ~~such~~ the denominations, in ~~such~~ the
24 form, either bearer or registered, and payable at ~~such~~ the place or
25 places, either within or without the United States, at ~~such~~ the time
26 or times, in lawful money of the United States of America, *with*
27 *the maturity or maturities*, with ~~such~~ the terms of redemption, and
28 at ~~such~~ the interest rate or rates, either fixed or variable, including
29 methods of determining ~~such~~ the rate or rates if variable, as the
30 legislative body shall determine.

31 (b) The bonds shall be sold at public or private sale, in such
32 manner and place or places, either within or without the United

1 States, and at ~~such~~ *the* price or prices, above or below par, as the
2 legislative body shall determine.

3 (c) In connection with, or incidental to, the sale and issuance
4 of the bonds, the state or local government may offer, sell, and
5 issue warrants for additional bonds, as well as issue additional
6 bonds pursuant to these warrants on terms consistent with this
7 chapter, and may enter into any contracts which the legislative
8 body determines to be necessary or appropriate to place the
9 obligation of the state or local government, as represented by the
10 bonds and the contract or contracts, in whole or in part on the
11 interest rate, cash flow, or other basis desired by the legislative
12 body, including, without limitation, contracts commonly known
13 as interest rate swap agreements, forward payment conversion
14 agreements, futures, or contracts providing for payments based on
15 levels of or changes in interest rates, or contracts to exchange cash
16 flows or a series of payments, or contracts, including, without
17 limitation, options, puts or calls to hedge payment, rate, spread,
18 or similar exposure. These contracts or arrangements may also be
19 entered into by state or local governments in connection with, or
20 incidental to, entering into any agreement which secures bonds,
21 including bonds issued by private entities. These contracts and
22 arrangements shall be made upon the terms and conditions
23 established by the legislative body, after giving due consideration
24 for the creditworthiness of the counterparties, where applicable,
25 including any rating by a nationally recognized rating agency or
26 any other criteria as may be appropriate. In addition, these contracts
27 and arrangements may be made only if the bonds are rated in one
28 of the three highest rating categories by two nationally recognized
29 rating agencies, and if there has been receipt, from any rating
30 agency rating the bonds, of written evidence that the contract or
31 agreement will not adversely affect the rating.

32 (d) In connection with, or incidental to, the sale and issuance
33 of the bonds, or entering into any of the contracts or arrangements
34 referred to in subdivision (c), the state or local government may
35 enter into ~~such~~ credit enhancement or liquidity agreements, with
36 ~~such~~ payment, interest rate, security, default, remedy, and other
37 terms and conditions as the legislative body shall determine.

38 (e) Proceeds of the bonds and any moneys set aside or pledged
39 to secure payment of the bonds, or any of the contracts entered
40 into pursuant to subdivision (c), may be invested in securities or

1 obligations described in the ordinance, resolution, indenture,
2 agreement, or other instrument providing for the issuance of the
3 bonds and may be pledged to and used to service any of the
4 contracts or agreements entered into pursuant to this section.

5 SEC. 3. Section 53395.10 of the Government Code is amended
6 to read:

7 53395.10. A legislative body of a city or county may designate
8 one or more proposed infrastructure financing districts pursuant
9 to this chapter. Proceedings for the establishment of a district shall
10 be instituted by the adoption of a resolution of intention to establish
11 the proposed district and shall do all of the following:

12 (a) State that an infrastructure financing district is proposed to
13 be established under the terms of this chapter and describe the
14 boundaries of the proposed district, which may be accomplished
15 by reference to a map on file in the office of the clerk of the city
16 *or county that is proposing to establish the district.*

17 (b) State the type of public facilities proposed to be financed
18 by the district. The district may only finance public facilities
19 authorized by Section 53395.3.

20 (c) State that incremental property tax revenue from the city or
21 county and some or all affected taxing entities within the district
22 may be used to finance these public facilities.

23 (d) Fix a time and place for a public hearing on the proposal.